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U.S. DISTRICT COURT
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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TENNESSEE
SOUTHERN DIVISION

FRANK W. KNISLEY, On Behalf of
Himself and All Others Similarly Situated,

Plaintiff,

vs.

UNUMPROVIDENT CORPORATION, J.
HAROLD CHANDLER and ROBERT C.
GREVING,

Defendants.

Civ. Action No.

1:03-cv-49
Collier

CLASS ACTION

COMPLAINT FOR VIOLATION OF THE
FEDERAL SECURITIES LAWS

DEMAND FOR JURY TRIAL

INTRODUCTION

1. This is an action on behalf of purchasers of UnumProvident Corporation ("UnumProvident" or the "Company") publicly traded securities during the period from May 7, 2001 to February 4, 2003 (the "Class Period"). UnumProvident provides group disability and special risk insurance, as well as group life insurance, long-term care insurance, and payroll-deducted voluntary benefits offered to employees at their worksites. UnumProvident operates around the World.

2. During the Class Period, defendants caused UnumProvident's shares to trade at artificially inflated levels through the issuance of false and misleading financial statements. The Company failed to properly record the impairment to its investments and operated "long-term denial factories," causing the Company's financial results to be inflated. As a result, the Company's shares traded at inflated prices enabling UnumProvident to raise proceeds of \$250 million on June 13, 2002 in its bond offering.

JURISDICTION AND VENUE

3. The claims asserted arise under §§10(b) and 20(a) of the Securities Exchange Act of 1934 ("1934 Act"). Jurisdiction is conferred by §27 of the 1934 Act. Venue is proper pursuant to §27 of the 1934 Act as defendant UnumProvident and/or the individual defendants conduct business in and the wrongful conduct took place in this District.

THE PARTIES

4. Plaintiff Frank W. Knisley purchased UnumProvident publicly traded securities as detailed in the attached Certification and was damaged thereby.

5. Defendant UnumProvident provides group disability and special risk insurance, as well as group life insurance, long-term care insurance, and payroll-deducted voluntary benefits offered to employees at their worksites. UnumProvident operates around the World.

6. Defendant J. Harold Chandler ("Chandler") is the Chairman, President, CEO and a director of the Company.

7. Defendant Robert C. Greving ("Greving") is CFO and a director of the Company.

8. Defendants Chandler and Greving are the "Individual Defendants." They are liable for the false statements pleaded in ¶¶21 and 23-28, as those statements were "group-published" information.

BACKGROUND

9. The Company provides special risk and disability insurance, as well as group life insurance, long-term care insurance, and payroll-deducted voluntary benefits offered to employees at their worksites. UnumProvident operates around the World. The Company violated its duty under federal insurance laws by paying bonuses to its workers based on the number of claims they denied. The Company operated "long-term denial factories," where in-house physicians rubber stamped medical decisions made by non-doctors. During the Class Period, defendants engaged in illegal activities (as described below) in order to artificially inflate the Company's financial results, together with the price of the Company's shares. As described *infra*, these financial results were false.

10. UnumProvident had a timeline for terminating claims and by the end of 18 months of benefits, a targeted claim would be due for termination. The kinds of resolutions on the claims timeline included: "return to work, pay enclosed, denial, termination, rescission, settlement, litigation, ongoing claim approval or other referrals." Five out of eight specific goals were negative for claimants.

11. Defendants' claims handling personnel evaluated insureds' claims with the intent to deny their claims. The Company deliberately employed biased examiners who terminated benefits despite the fact that insureds were entitled to receive benefits.

12. Furthermore, UnumProvident misrepresented the benefits available to insureds by not informing them about recovery benefits,¹ residual benefits,² or rehabilitation benefits³ and telling them in their denial letters that their policies were subject to ERISA, which they were not.

13. UnumProvident exhibited bias against its own insureds in its selection of Independent Medical Examiners ("IMEs") with the purpose of challenging the claimants' disability and in not providing insureds' job descriptions in the IME letters. The examiners often made their evaluations without having a description of the claimants' work.

14. In addition, defendants created a comprehensive system for targeting and terminating expensive claims. This targeting scheme had goals, such as round table claims reviews and achieving a "net termination ratio" (the ratio of the value of terminated claims compared with new claims). Defendants' goal was to increase this ratio annually. These goals provided an incentive for UnumProvident to terminate claims with high reserves. One of the claims handling processes was the "round table." The "round tables" were meetings of Company personnel, at which each adjuster brought one or more of a "Top Ten List" of claims to be targeted for intensive efforts to achieve a "successful resolution." The round tables were usually held after hours, and the discussion would begin with the dollar amount of the claim. The round table process fell below insurance industry standards for several

¹ A recovery benefit is provided in the policy if, prior to age 65, an insured is engaged in any occupation immediately after a period of disability for which benefits were paid and incurs a loss of earnings equal to at least 20% of prior earnings. This does not require disability or being under the care of a physician.

² Residual disability benefits are provided in the policy if the insured is unable to perform one or more of the important duties of his/her occupation; is unable to perform the important duties of his/her occupation for more than 80% of the time normally required to perform them; or his/her loss of earnings is equal to at least 20% of former earnings while engaged in his/her occupation or another occupation; and the insured is under the regular and personal care of a physician.

³ While insureds are receiving total disability benefits, they may choose to join a vocational rehabilitation program, during which they may receive benefits for 36 months without being under the care of a physician, in order to be retrained in another occupation.

reasons: the purpose was to target claims in order to meet net termination ratio targets, and the proceedings were not documented in the claims files.

15. Defendants should have been on notice that targeting certain categories of claims, using biased examiners, ignoring the applicable definition of total disability, misinforming or failing to inform insureds regarding all of their potential benefits, and other practices which fell below industry standards, artificially inflated their income and could put them at risk for punitive damages.

16. The standards of the industry impose an obligation on insurance companies such as defendants to be fair, objective and thorough in their evaluation and analysis of a claim; not to put their financial interests above those of their insureds, not to search for ways to deny a claim, not to misrepresent provisions of the insurance policy, including coverage benefits, not to pay less on a policy than the insured is rightfully owed, and not to compel insureds to sue in order to receive benefits. It is standard in the industry that written records of the claim process be kept in the claim file.

17. It was improper to set a goal to terminate a certain percentage of claims. Internal UnumProvident documents set goals for terminating whole blocks of claims without reference to the merits of individual claims for benefits. This practice fell below industry standards and caused the Company's results to be inflated.

18. During the Class Period, each of the Individual Defendants occupied a position as one of the top UnumProvident executives and was privy to non-public information concerning the Company. Each of them knew of the adverse facts specified herein. Moreover, each created incentives for the Company's employees to help them inflate the Company's revenue. Notwithstanding their duty to refrain from causing UnumProvident to sell/dispose of stock or other securities while in possession of material, adverse, non-public information concerning the Company, these defendants caused UnumProvident to sell (issue) millions of shares of UnumProvident securities at grossly inflated prices, thus allowing UnumProvident to benefit from the defendants' wrongful course of conduct. UnumProvident completed an offering that closed on June 13, 2002 and the Company sold

\$250 million worth of its securities. UnumProvident's press releases, corporate reports to shareholders, and filings with the SEC were each group-published documents for which each defendant is equally responsible.

19. Each of the Individual Defendants and UnumProvident is liable for making false and misleading statements in that they inflated the prices of UnumProvident securities by making false and misleading statements and omitting material adverse information. The defendants' wrongful course of business (i) artificially inflated the prices of UnumProvident's securities during the Class Period; (ii) deceived the investing public, including plaintiff and other Class members, into acquiring UnumProvident's securities at artificially inflated prices; (iii) allowed the Company to sell \$250 million worth of its own notes; and (iv) permitted UnumProvident to grow and benefit economically from the wrongful course of conduct.

20. UnumProvident and its top officers inflated the prices of the Company's securities in order to pursue an accelerated securities sale program. Defendants knew that by concealing UnumProvident's true financial results they could foster the perception in the business community that UnumProvident was a "growth company," *i.e.*, it was the only way UnumProvident could post the revenue and earnings per share ("EPS") growth claimed by defendants.

FALSE AND MISLEADING STATEMENTS DURING THE CLASS PERIOD

21. On May 7, 2001, the Company issued a press release entitled, "UnumProvident Reports After-tax Operating Income of \$147.6 Million for First Quarter of 2001." The press release stated in part:

UnumProvident Corporation today reported after-tax operating income before net realized investment losses and special items of \$147.6 million (\$0.61 per diluted common share) for the first quarter of 2001, compared to \$134.6 million (\$0.56 per diluted common share) for the first quarter of 2000.

Net income for the first quarter of 2001 was \$182.0 million (\$0.75 per diluted common share) compared to \$134.5 million (\$0.56 per diluted common share) in the first quarter of 2000. During the first quarter of 2001, the Company recognized a tax benefit of approximately \$35.2 million (\$0.14 per common share assuming dilution) related to its investment in its foreign

reinsurance operations. As previously announced, the Company is exiting its reinsurance pools and management operations.

These net income results also include net realized after-tax investment losses of \$0.8 million in the first quarter of 2001 and losses of \$0.1 million in the first quarter of 2000.

Chairman, President and Chief Executive Officer J. Harold Chandler said, "Our first quarter was a strong start to 2001. Our sales were balanced and on plan, and our core business areas are delivering solid results. We are especially pleased with the performance of our disability lines of business, both group and individual, which produced significant year-over-year earnings improvements. We will continue to exercise the discipline required to leverage the industry-leading position we have created in this speciality business."

22. This announcement sent the Company's shares soaring, reaching a Class Period high of \$32.27 on May 16, 2001.

23. On July 25, 2001, the Company issued a press release entitled, "UnumProvident Reports After-tax Operating Income of \$146.3 Million for Second Quarter of 2001." The press release stated in part:

UnumProvident Corporation today reported after-tax operating income before net realized investment gains and losses of \$146.3 million (\$0.60 per diluted common share) for the second quarter of 2001, compared to \$142.0 million (\$0.59 per diluted common share) for the second quarter of 2000.

Net income for the second quarter of 2001 was \$146.1 million (\$0.60 per diluted common share) compared to \$143.1 million (\$0.59 per diluted common share) in the second quarter of 2000. These net income results also include net realized after-tax investment losses of \$0.2 million in the second quarter of 2001 and gains of \$1.1 million in the second quarter of 2000. Chairman, President and Chief Executive Officer J. Harold Chandler said, "Many of our core business fundamentals continued to show improvement in the second quarter. Despite the slight shortfall from consensus earnings estimates due to adverse mortality experience in our group life operation, we are pleased with our strong group disability earnings, improved level of persistency in our employee benefit lines, continued solid investment portfolio results, and positive sales momentum in all lines of business."

24. On November 6, 2001, the Company issued a press release entitled, "UnumProvident Corporation Reports Third Quarter 2001 Earnings of \$0.61 Per Share." The press release stated in part:

UnumProvident Corporation today reported after-tax operating income before special items and net realized investment losses of \$148.6 million (\$0.61 per diluted common share) for the third quarter of 2001. These results compare to \$145.5 million (\$0.60 per diluted common share) for the third quarter of 2000. Including the impact of the attacks on the United States on

September 11, which resulted in after-tax losses of \$15.6 million (\$0.06 per diluted common share), income before net realized investment losses totaled \$133.0 million (\$0.55 per diluted common share) in the third quarter of 2001.

Net income for the third quarter of 2001 was \$127.1 million (\$0.52 per diluted common share) compared to \$137.0 million (\$0.57 per diluted common share) in the third quarter of 2000. These net income results include net realized after-tax investment losses of \$5.9 million (\$0.03 per diluted common share) in the third quarter of 2001 and \$8.5 million (\$0.03 per diluted common share) in the third quarter of 2000.

The events of September 11, 2001 resulted in a third quarter 2001 before-tax charge of \$24.0 million, or \$15.6 million after tax. This charge includes estimated gross ultimate losses from reported and unreported claims of \$71.0 million less an estimated \$47.0 million unrecoverable from the Company's reinsurers. The Company's reinsurance program provides comprehensive catastrophic coverage for its individual disability and its group life, accidental death and dismemberment, travel accident, long-term disability, and short-term disability lines of business through a group of highly-rated major national and international reinsurance organizations. The effects of each line of business are disclosed in the discussion of segment results.

The Company also announced that it has reached an agreement in principle to settle the shareholder class action pending in the United States District Court for the District of Maine relating to the merger of UNUM Corporation and Provident Companies, Inc. in 1999. Under the terms of the settlement, which is subject to, among other things, final documentation and approval by the court, the Company has agreed to pay \$45 million to settle all claims that were or could have been asserted in the litigation. The Company has received confirmation from its insurance carriers that, apart from a \$1 million deductible, the entire amount to be paid under the proposed settlement, as well as attorneys' fees and expenses incurred by the Company defending the litigation, will be covered by the Company's insurance carriers.

Chairman, President and Chief Executive Officer J. Harold Chandler said, "Our third quarter results reflect a number of favorable financial trends, as well as positive developments relative to our previously defined strategic priorities. Leveraging our substantial market position in group disability to provide individual and voluntary solutions is producing growth opportunities at levels not otherwise possible. So, despite uncertain economic and financial market conditions, we are confident that our Company is uniquely positioned to capitalize on emerging opportunities in the marketplace."

25. On February 6, 2002, the Company issued a press release entitled, "UnumProvident Corporation Reports Fourth Quarter of 2001 Operating Earnings of \$0.62 Per Share." The press release stated in part:

UnumProvident Corporation today reported after-tax operating income before special items, net realized investment losses, and extraordinary items of \$150.9 million (\$0.62 per diluted common share) for the fourth quarter of 2001. These results compare to \$148.6 million (\$0.61 per diluted common share) for the fourth quarter of 2000.

Net income for the fourth quarter of 2001 was \$124.0 million (\$0.51 per diluted common share) compared to \$149.6 million (\$0.62 per diluted common share) in the fourth quarter of 2000. These net income results for the fourth quarter of 2001 include a special item which reduced net income by \$5.4 million (\$0.02 per diluted common share) related to the write off of the remaining goodwill balance associated with the Company's operations in Argentina and an extraordinary loss of \$2.9 million (\$0.01 per diluted common share) related to the early extinguishment of debt. Net income in the fourth quarter of 2000 included special items which increased net income by \$2.4 million (\$0.01 per diluted common share). Also included in the net income results are net realized after-tax investment losses of \$18.6 million (\$0.08 per diluted common share) in the fourth quarter of 2001 and \$1.4 million (\$0.00 per diluted common share) in the fourth quarter of 2000.

For the full year 2001, the Company reported after-tax operating income before special items, net realized investment losses, and extraordinary items of \$593.4 million (\$2.44 per diluted common share), compared to \$570.7 million (\$2.36 per diluted common share) for the full year 2000.

Net income for the full year 2001 was \$579.2 million (\$2.38 per diluted common share) compared to \$564.2 million (\$2.33 per diluted common share) in the full year 2000. Net income for 2001 includes special items which increased net income by \$14.2 million (\$0.05 per diluted common share) related to a first quarter tax benefit of \$35.2 million, third quarter after-tax loss of \$15.6 million related to the events of September 11th, and the fourth quarter goodwill write off of \$5.4 million. Also included in 2001 net income is the extraordinary loss of \$2.9 million (\$0.01 per diluted common share) related to the early extinguishment of debt. Net income in 2000 included special items, described in the segment analysis below, which increased net income by \$2.4 million (\$0.01 per diluted common share). Also included in these net income results are net realized after-tax investment losses of \$25.5 million (\$0.10 per diluted common share) in 2001 and \$8.9 million (\$0.04 per diluted common share) in 2000.

Chairman, President and Chief Executive Officer J. Harold Chandler said, "We are pleased that our fourth quarter results meet virtually all of our internal quantitative and qualitative expectations. Although the overall economic environment continues to be challenging, our operations and sales infrastructure investments made during 2000 and 2001 are clearly yielding sustainable results. We expect continued progress during 2002 toward achieving our long-term financial goals."

26. On May 7, 2002, the Company issued a press release entitled, "UnumProvident Corporation Reports First Quarter of 2002 Earnings." The press release stated in part:

UnumProvident Corporation today reported after-tax operating income before special items and net realized investment losses of \$151.1 million (\$0.62 per diluted common share) for the first quarter of 2002. These results compare to \$147.6 million (\$0.61 per diluted common shares) for the first quarter of 2001.

Net income for the first quarter of 2002 was \$73.8 million (\$0.30 per diluted common share) compared to \$182.0 million (\$0.75 per diluted common share) in the first quarter of 2001. The net income results for the

first quarter of 2001 include a special item which increased net income by \$35.2 million (\$0.14 per diluted common share) related to a tax benefit on the Company's investment in the foreign reinsurance operations. Also included in the net income results are net realized after-tax investment losses of \$77.3 million (\$0.32 per diluted common share) in the first quarter of 2002 and \$0.8 million in the first quarter of 2001.

Chairman President and Chief Executive Officer J. Harold Chandler said, "We are generally pleased with our results for the quarter, especially in light of the very challenging business and financial environment. The quarter also reflects the actions we have taken over the past several years to enhance our ability to meet the changing needs of our customers and producers."

Chandler continued, "The focus for the balance of the year will be on those areas of the business which are not meeting our objective, while also building on the momentum we have established in the marketplace."

27. On August 6, 2002, the Company issued a press release entitled, "UnumProvident Corporation Reports Second Quarter of 2002 Earnings." The press release stated in part:

UnumProvident Corporation today reported after-tax operating income before net realized investment losses of \$152.7 million (\$0.63 per diluted common share) for the second quarter of 2002. These results compare to \$146.3 million (\$0.60 per diluted common share) for the second quarter of 2001.

Net income for the second quarter of 2002 was \$96.8 million (\$0.40 per diluted common share) compared to \$146.1 million (\$0.60 per diluted common share) in the second quarter of 2001. Included in the net income results are net realized after-tax investment losses of \$55.9 million (\$0.23 per diluted common share) in the second quarter of 2002 and \$0.2 million in the second quarter of 2001.

Chairman, President and Chief Executive Officer J. Harold Chandler said, "We are generally pleased with our results in the second quarter, especially in the face of the continued unsettled financial and economic environment. Our markets are responding favorably to our product and service offerings, and we are confident that we can continue to selectively grow our core franchise."

28. On November 6, 2002, the Company issued a press release entitled, "UnumProvident Corporation Reports Third Quarter of 2002 Earnings." The press release stated in part:

UnumProvident Corporation today reported after-tax operating income before special items and net realized investment losses of \$155.0 million (\$0.64 per diluted common share) for the third quarter of 2002. These results compare to \$148.6 million (\$0.61 per diluted common share) for the third quarter of 2001. Including the impact of the attacks on the United States on September 11, 2001, which resulted in after-tax losses of \$15.6 million (\$0.06 per diluted common share), income before net realized investment losses

totaled \$133.0 million (\$0.55 per diluted common share) in the third quarter of 2001.

Net income for the third quarter of 2002 was \$109.2 million (\$0.45 per diluted common share) compared to \$127.1 million (\$0.52 per diluted common share) in the third quarter of 2001. Included in the net income results are the net realized after-tax investment losses of \$45.8 million (\$0.19 per diluted common share) in the third quarter of 2002 and \$5.9 million (\$0.03 per diluted common share) in the third quarter of 2001.

Chairman, President and Chief Executive Officer J. Harold Chandler said, "Third quarter results were in line with our plans and the expectations of the market. However, we remain conservative in our forecasting due to the less favorable economic environment that is generally predicted by most public and private sources. Nevertheless, our focus remains on operating our Company more efficiently and selectively extending our leadership positions."

29. On February 5, 2003, UnumProvident announced it had recorded investment losses of \$93 million. The Company also reported that:

The Company has responded to requests for information from the staff of the Securities and Exchange Commission in connection with a review of the Company's SEC periodic filings relating, primarily, to its investment disclosures and to the timing and amount of other-than-temporary losses recorded on below-investment-grade securities. The Company will continue to respond to the SEC staff's requests and will provide additional disclosures relating to its investment portfolio in its future SEC filings. While the final outcome of the discussions is uncertain, the Company believes it has a sound process for determining the time and amount of impaired assets and will continue to work with the staff on this important issue.

UNUMPROVIDENT'S FALSE FINANCIAL REPORTING DURING THE CLASS PERIOD

30. In order to inflate the price of UnumProvident's stock and make its bond offering possible, defendants caused the Company to falsely report its results during fiscal 2001 and 2002 through its failure to properly pay legitimate claims for its insureds and record the other than temporary impairment of investments on a timely basis. The Company has subsequently recorded an enormous impairment charge and disclosed that the SEC is investigating its accounting for investments.

31. The fiscal 2001 and 2002 results were included in Form 10-Qs/10-Ks filed with the SEC. The results were also included in press releases.

32. UnumProvident improperly accounted for investments in its fiscal 2001 and 2002 financial statements, such that its 2001-2002 financial statements were not a fair

presentation of UnumProvident's results and were presented in violation of Generally Accepted Accounting Principles ("GAAP") and SEC rules.

33. GAAP are those principles recognized by the accounting profession as the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. SEC Regulation S-X (17 C.F.R. §210.4-01(a)(1)) states that financial statements filed with the SEC which are not prepared in compliance with GAAP are presumed to be misleading and inaccurate, despite footnote or other disclosure. Regulation S-X requires that interim financial statements must also comply with GAAP, with the exception that interim financial statements need not include disclosure which would be duplicative of disclosures accompanying annual financial statements. 17 C.F.R. §210.10-01(a).

34. GAAP, as set forth in FASB Statement of Financial Accounting Standards ("SFAS"), No. 115, states in part as follows:

16. For individual securities classified as either available-for-sale or held-to-maturity, an enterprise shall determine whether a decline in fair value below the amortized cost basis is other than temporary. For example, if it is probable that the investor will be able to collect all amounts due according to the contractual terms of the debt security not impaired at acquisition, an other-than-temporary impairment shall be considered to have occurred. If the decline in fair value is judged to be other than temporary, the cost basis of the individual security shall be written down to fair value as a new cost basis and the amount of the writedown shall be included in the earnings (that is, accounted for as a realized loss).

(Footnote omitted.)

35. During the Class Period, UnumProvident failed to record, on a timely basis, the other than temporary impairment of investments, causing its earnings and assets to be artificially inflated.

36. Ultimately, in Q4 2002, UnumProvident recorded investment losses of \$93 million. The Company also reported that:

The Company has responded to requests for information from the staff of the Securities and Exchange Commission in connection with a review of the Company's SEC periodic filings relating, primarily, to its investment disclosures and to the timing and amount of other-than-temporary losses recorded on below-investment-grade securities. The Company will continue to respond to the SEC staff's requests and will provide additional disclosures

relating to its investment portfolio in its future SEC filings. While the final outcome of the discussions is uncertain, the Company believes it has a sound process for determining the time and amount of impaired assets and will continue to work with the staff on this important issue.

37. Due to these accounting improprieties, the Company presented its financial results and statements in a manner which violated GAAP, including the following fundamental accounting principles:

(a) The principle that interim financial reporting should be based upon the same accounting principles and practices used to prepare annual financial statements was violated (APB No. 28, ¶10);

(b) The principle that financial reporting should provide information that is useful to present and potential investors and creditors and other users in making rational investment, credit and similar decisions was violated (FASB Statement of Concepts No. 1, ¶34);

(c) The principle that financial reporting should provide information about the economic resources of an enterprise, the claims to those resources, and effects of transactions, events and circumstances that change resources and claims to those resources was violated (FASB Statement of Concepts No. 1, ¶40);

(d) The principle that financial reporting should provide information about how management of an enterprise has discharged its stewardship responsibility to owners (stockholders) for the use of enterprise resources entrusted to it was violated. To the extent that management offers securities of the enterprise to the public, it voluntarily accepts wider responsibilities for accountability to prospective investors and to the public in general (FASB Statement of Concepts No. 1, ¶50);

(e) The principle that financial reporting should provide information about an enterprise's financial performance during a period was violated. Investors and creditors often use information about the past to help in assessing the prospects of an enterprise. Thus, although investment and credit decisions reflect investors' expectations about future

enterprise performance, those expectations are commonly based at least partly on evaluations of past enterprise performance (FASB Statement of Concepts No. 1, ¶42);

(f) The principle that financial reporting should be reliable in that it represents what it purports to represent was violated. That information should be reliable as well as relevant is a notion that is central to accounting (FASB Statement of Concepts No. 2, ¶¶58-59);

(g) The principle of completeness, which means that nothing is left out of the information that may be necessary to insure that it validly represents underlying events and conditions was violated (FASB Statement of Concepts No. 2, ¶79); and

(h) The principle that conservatism be used as a prudent reaction to uncertainty to try to ensure that uncertainties and risks inherent in business situations are adequately considered was violated. The best way to avoid injury to investors is to try to ensure that what is reported represents what it purports to represent (FASB Statement of Concepts No. 2, ¶¶95, 97).

38. Further, the undisclosed adverse information concealed by defendants during the Class Period is the type of information which, because of SEC regulations, regulations of the national stock exchanges and customary business practice, is expected by investors and securities analysts to be disclosed and is known by corporate officials and their legal and financial advisors to be the type of information which is expected to be and must be disclosed.

FIRST CLAIM FOR RELIEF

For Violation of §10(b) of the 1934 Act and Rule 10b-5 Against All Defendants

39. Plaintiff incorporates ¶¶1-38 by reference.

40. During the Class Period, defendants disseminated or approved the false statements specified above, which they knew or recklessly disregarded were materially false and misleading in that they contained material misrepresentations and failed to disclose

material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

41. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

(a) Employed devices, schemes, and artifices to defraud;

(b) Made untrue statements of material facts or omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made not misleading; or

(c) Engaged in acts, practices, and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of UnumProvident publicly traded securities during the Class Period.

42. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for UnumProvident publicly traded securities. Plaintiff and the Class would not have purchased UnumProvident publicly traded securities at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by defendants' misleading statements.

43. As a direct and proximate result of these defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their purchases of UnumProvident publicly traded securities during the Class Period.

SECOND CLAIM FOR RELIEF

For Violation of §20(a) of the 1934 Act Against All Defendants

44. Plaintiff incorporates ¶¶1-43 by reference.

45. The executive officers of UnumProvident prepared, or were responsible for preparing, the Company's press releases and SEC filings. The Individual Defendants controlled other employees of UnumProvident. UnumProvident controlled the Individual Defendants and each of its officers, executives and all of its employees. By reason of such conduct, defendants are liable pursuant to §20(a) of the 1934 Act.

CLASS ACTION ALLEGATIONS

46. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons who purchased UnumProvident publicly traded securities (the "Class") on the open market during the Class Period. Excluded from the Class are defendants, directors and officers of UnumProvident and their families and affiliates.

47. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court. During the Class Period, UnumProvident had more than 241 million shares of stock outstanding, owned by thousands of persons.

48. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

- (a) Whether the 1934 Act was violated by defendants;
- (b) Whether defendants omitted and/or misrepresented material facts;
- (c) Whether defendants' statements omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; and
- (d) Whether defendants knew or recklessly disregarded that their statements were false and misleading.

PRAYER

WHEREFORE, plaintiff prays for judgment as follows: declaring this action to be a proper class action; awarding damages, including interest; and such equitable/injunctive or other relief as the Court may deem proper.

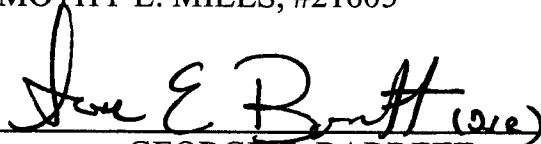
JURY DEMAND

Plaintiff demands a trial by jury.

DATED: February 12, 2003

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Attorneys for Plaintiff

**CERTIFICATION
PURSUANT TO FEDERAL SECURITIES LAWS**

Frank W. Knisley ("Plaintiff"), declares, as to the claims asserted, under the federal securities laws, that:

1. Plaintiff has reviewed the class action complaint and authorizes its filing.
2. Plaintiff did not purchase the security that is the subject of this action at the direction of plaintiff's counsel or in order to participate in this private action.
3. Plaintiff is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary.
4. Plaintiff's transaction(s) in UnumProvident Corporation that is/are the subject of this action is/are:

Bought 200 shares UNM on June 8, 2001 @ \$64.00/share

5. During the three years prior to the date of this Certification, Plaintiff has not sought to serve or served as a representative party for a class in a case filed under the federal securities laws, except as follows (list, if any):

Eleanor Turber, et al. v. CVS, USDC MA, CA No. 01-CV-11464-JLT

In re Elan Corp. Sec. Litig., USDC S.D. NY, CA No. 02-865

6. The Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 12th day of February, 2003.


Plaintiff